

FISCAL NOTE

SB 2770 - HB 2982

February 7, 2000

SUMMARY OF BILL: Exempt from the franchise and excise tax an entity treated as a partnership or trust for federal tax purposes and that is owned by a Real Estate Investment Trust. The entity must meet the following requirements to be exempt from the excise tax: (A) It is classified as a partnership or trust in accordance with the provisions of 26 USC Section 7701 and the federal regulations and rulings promulgated thereunder or has elected to be treated as a real estate mortgage investment conduit under 26 USC Section 860D or as a financial asset securitization investment trust under 26 USC Section 860L; and (B) The sole purpose of the entity, except for foreclosures and dispositions of the assets of foreclosures, is the asset-backed securitization of debt obligations, such as first or second mortgages, including home equity loans, trade receivables (whether an open account or evidenced by a note or installment or conditional sales contract), obligations substituted for trade receivables, credit card receivables, personal property leases treated as debt for purposes of the Internal Revenue Code of 1986, as amended, automobile loans or similar debt obligations. The term "trade receivables" as used in the above sentence is defined as obligations arising from the sale of inventory in the ordinary course of business.

ESTIMATED FISCAL IMPACT:

Decrease State Revenues - Exceeds \$1,000,000

The total decrease in state revenues cannot be determined since data on such collections is not available; however, based on information received from the department of revenue such revenue loss can be reasonably estimated to exceed \$1,000,000.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James A. Davenport, Executive Director

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